

2000 Michigan Insurance Company Quarterly Return for Single Business Tax or Retaliatory Tax

IMPORTANT: Use only 2000 returns to file estimated payments for 2000.

General Information About Quarterly Payments for Insurance Companies

Who Must Make Quarterly Tax Payments?

If you expect your annual liability to be more than \$600, you must file quarterly estimates. If your tax year was less than 12 months (e.g. you opened or closed a business during the year), annualize the tax to see if you must file estimates.

If you had business activity in Michigan in the previous year and your tax was \$20,000 or less, you may use that tax liability as the estimate for your current year annual tax. To avoid penalty and interest, divide your previous year tax by 4 (e.g. $\$20,000 \div 4 = \$5,000$) and pay that amount on the current year quarterly due date(s).

If you had business activity in Michigan in the previous year but reported no tax liability or were not required to file a return, estimated payments are not required for the current year.

Amending estimates. If, after making payments, you find that the estimated tax is substantially different than you originally estimated, recompute the tax and adjust your payment in the next quarter.

How Do I Compute The Estimated Tax For The Quarter?

You may use one of the following methods:

- 25 percent of your preceding year's tax liability (only if preceding year's tax is \$20,000 or less), or
- 25 percent of your estimated annual SBT for the year, or
- Tax computed on the actual business activity for the quarter. If you compute your quarterly payments based on actual activity for the quarter then your four computed amounts cannot be less than 85 percent of the current tax year liability.

New: Public Act 115 of 1999 reduces the SBT tax rate by 0.1 percent per year beginning January 1, 1999. The rate reduction will go into effect each year if the State's Budget Stabilization Fund balance for the previous year exceeds \$250 million. The reduction will be reflected in the effective tax rate used on form 1366, *Insurance Company Annual Return for SBT and Retaliatory Tax*.

Example

Estimated annual liability: $\$60,000 \times 85\% = \$51,000$
Estimate required: $\$51,000 \div 4 = \$12,750$
Tax due per quarter: \$12,750

	1st	2nd	3rd	4th
Tax due	\$12,750	\$12,750	\$12,750	\$12,750
Credit forward	\$15,000	\$2,250	0	0
Payment due	0*	\$10,500	\$12,750	\$12,750

**If your calculated estimate for any quarter is zero, do not send a quarterly estimate.*

Penalty and Interest

If the sum of the estimated payments is less than 85 percent of the annual liability, or the amount of the estimated payment doesn't equal the quarter's liability, interest accrues at 1 percent above prime per month.

A penalty of 5 percent per month, maximum 50 percent, and interest at 1 percent above prime will be added for failure to file quarterly returns by the appropriate due dates. If underpayment of the estimated tax is determined to be due to negligence, a penalty of 10 percent may be added.

Due Dates

<u>Quarter</u>	<u>Period</u>	<u>Due Date</u>
1st	Jan. - Mar.	April 30
2nd	Apr. - June	July 31
3rd	July - Sept.	October 31
4th	Oct. - Dec.	January 31

Mailing Information

Mail your quarterly payments to:

**Michigan Department of Treasury
Dept. 77229
Detroit, Michigan 48277-0229**

Visit the Michigan Department of Treasury web site at:
www.treasury.state.mi.us